



City of Arts & Innovation

City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: FEBRUARY 23, 2016

FROM: FINANCE DEPARTMENT WARDS: ALL

SUBJECT: PUBLIC HEARING – RESOLUTION APPROVING THE ISSUANCE OF SPECIAL TAX BONDS FOR THE RIVERWALK VISTA COMMUNITY FACILITIES DISTRICT 2006-1 (“CFD 2006-1”) FOR IMPROVEMENT AREA NO. 2 IN AN AMOUNT NOT TO EXCEED \$7,500,000 - RESOLUTION

ISSUE:

The City Council is being asked to adopt a resolution to authorize the issuance of not to exceed \$7,500,000 of special tax bonds for Improvement Area No. 2 of CFD 2006-1 to construct certain improvements for the benefit of the District.

RECOMMENDATIONS:

That the City Council:

1. Conduct a public hearing to receive comments regarding the question of issuing special tax bonds within Improvement Area No. 2 of CFD 2006-1; and
2. Adopt the attached resolution authorizing the issuance of special tax bonds for Improvement Area No. 2 of CFD 2006-1 in an aggregate amount not to exceed \$7,500,000; approving the Bond Purchase Agreement, a Fiscal Agent Agreement, and the Preliminary Official Statement.

BACKGROUND:

In 2006 the then current owner/developer of the Riverwalk Vista project (“Riverwalk Vista, LLC”) formed a community facilities district to provide a portion of the funding needed to develop the property and sell the homes. The formation proceedings occurred and the outcome was the special district known as Riverwalk Vista CFD 2006-1.

By 2007, Riverwalk Vista, LLC failed to complete the required public improvements for CFD 2006-1 and subsequently filed bankruptcy. Various portions of the property were subsequently purchased by new developers. Improvement Area No. 1 was built out first and issued special tax bonds for certain public improvements in 2013. A new owner/developer for Improvement Area No. 2, Forestar Riverside LLC, purchased and then subsequently sold portions of the Improvement Area 2 to two builders – Richmond American Homes and TriPointe Homes. Richmond and TriPointe have been building homes and the tracts are now sufficiently

developed to support the sale of bonds to provide a portion of the funding planned for certain public improvements in the second improvement area of the Riverwalk Vista CFD.

The bonds are anticipated to be issued in two series – a tax exempt portion for new City infrastructure, and a taxable portion that the City will use to offset certain park and water obligations previously incurred by the City. The attached resolution authorizes the Finance Director, or his designee, to proceed with the issuance of the special tax bonds, including the delivery of the preliminary official statement to investors, and then to execute the final form of the bond purchase agreement to be entered into by the City and purchasers of the bonds within certain parameters which are: (a) the interest rate on any maturity of the bonds shall not exceed 6.5% per annum for the tax-exempt portion and 7.00% for the taxable portion; (b) the purchase price to be paid by the underwriter for the purchase of the bonds shall not be less than an amount equal to 2.00% (exclusive of original issue discount) of the aggregate principal amount of the bonds; and (c) the last maturity of the bonds shall be paid and redeemed no later than September 1, 2046. All documents have been reviewed and approved as to form by bond counsel and the City Attorney's Office.

FISCAL IMPACT:

The actions recommended have no fiscal impact on the City of Riverside. The debt being issued is solely the obligation of the property owners of Improvement Area No. 2 of CFD 2006-1 and will be paid through annual levies of special taxes on the property owners. The City will provide administrative services for the District and will have the cost to provide these services reimbursed by the District.

Prepared by: Brent A. Mason, Finance Director/Treasurer
Certified as to availability of funds: Brent A. Mason, Finance Director/Treasurer
Approved by: Marianna Marysheva-Martinez, Assistant City Manager
Approved as to form: Gary G. Geuss, City Attorney

Attachments:

1. Resolution
2. Preliminary Official Statement
3. Fiscal Agent Agreement
4. Bond Purchase Agreement